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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Division of Information

and

UNITED STATES DEPARTMENT OF THE INTERIOR
Office of Education, Division of Vocational Education
Agricultural Education Service
Cooperating

UNIT NUMBER 7

Plans for aiding in the reorganization of the individual farm business in relation to the agricultural situation and the 1935 wheat program.

INSTRUCTIONAL OBJECTIVE

To develop the ability to reorganize the individual farm business in relation to the present and expected agricultural situation and the 1935 wheat program.

MATERIALS AND SOURCES

- I. Farm Record Book
Form AAA-270 (Revised) September 1934

Prepared by Agricultural Economics Extension, Office of Cooperative Extension Work, United States Department of Agriculture in cooperation with Agricultural Adjustment Administration and State Extension Economists.

Information concerning the availability of this farm record book has been forwarded to State Directors of Extension and State Supervisors of Vocational Agriculture.

- II. Farm Record books adapted for use by particular states.

III. Aids in analyzing the undivided farm business prepared for use of teachers in the respective states by state workers in vocational agriculture and agricultural extension.

IV. Monograph No. 18 - Reorganizing the Individual Farm Business, issued by the United States Department of The Interior, Office of Education, Vocational Education, Washington, D. C., October 1933.

V. U. S. Department of Agriculture - Farmers' Bulletin No. 1564 - Farm Budgeting

PROCEDURE AND EXPECTED OUTCOMES

I. How should the individual farm business be organized for 1935?

Such a question may be placed upon the blackboard and used as a basis for beginning an analysis of the problem. From the discussion develop the following aspects of the problem, for example:

Planning for 1935

- (a) Calls for a survey of the farm business for the past year.
- (b) The factors in the present economic situation related to agriculture and the 1935 wheat program need to be considered in the proposed plans for 1935.
- (c) A farm budget or plans for reorganizing the individual farm business need to be made.

By presenting the situation in such a manner, the question naturally arises as to how such plans can be made in an efficient manner.

II. Suggestions to the teacher:

- 1. It would seem advisable to suggest that the teacher plan to use a case farm in order to make the procedure very concrete and useful to the farmers.
- 2. Plan the procedure in advance with some member of the group, so that the details of making out a farm budget may be presented in as orderly a manner as possible.
- 3. Aids to the teacher:

The teacher should secure copies of the bulletins listed as 4 and 5 under "Materials and Sources."

In anticipation of the fact that these references may not be immediately available, the following selections from the two bulletins have been made:

WHAT BUDGET ESTIMATES TO MAKE *

* At this point in the instruction, it is suggested that the teacher use a case farm, preferably one operated by a member of the group, develop a budget for the farm on the blackboard and have each farmer follow the procedure by making a budget for his farm on forms provided for the purpose.

Suggestions on teaching procedure:

FACTOR a - Crop Acreage -

Obtain a complete list of all the principal crops grown on the farm.

Have each farmer record the data for his farm showing crops grown and the acreage of each.

FACTOR b - Quantity of Crop Products -

Determine the average yield per acre for each of the crops on the respective farms over a period of years.

Using the acreage determined above, compute the amount of production which could be expected for the current year.

FACTOR c - Crop Production Expenses -

List the items of expense involved in the production of each crop grown on the farm.

Compute the cost of each of these items.

FACTOR d - Disposal of Crop Products -

Compute the amount of each crop which is used for seed and feed.

Determine the quantity of each crop to be sold and the value of this quantity.

FACTOR e - Number of livestock -

Obtain a complete list of all of the livestock produced on the farm.

Have each farmer record similar data for his farm.

Compute the quantity of livestock or livestock products sold.

FACTOR f - Livestock Production Expenses

List the items of expense incurred in the production of the livestock, such as feed purchased, breeding fees, vaccination, and dipping.

Compute the cost of the above items for each of the kinds of livestock kept on the farm.

FACTOR g - Disposal of Livestock and Livestock Products

Determine the amount of livestock and livestock products consumed on the farm.

Determine the amount of livestock and livestock products to be sold.

FACTOR h - Gross Returns

Compute the gross returns to be expected from the farm, considering both crops and livestock.

FACTOR i - Expenses

Compute the total expenses incurred in the production of both livestock and crops, including threshing, hired labor, and similar items.

Make an estimate of incidental expenses for the farm, such as insurance, building repairs, taxes, machinery repairs, and new machinery.

FACTOR j - Net Returns

Compute the net returns from the farm for the year by subtracting the expenses from the gross returns.

Determine at the end of the year the efficiency of the budget by entering the actual acreage grown, yields, livestock kept, receipts, expenses and returns.

(From Monograph No. 18, Reorganizing
the Individual Farm Business)

FORMS FOR FARM-BUDGET MAKING

(From U.S.D.A. Farmers' Bulletin, No. 1564, Farm Budgeting)

In the following pages a set of sample forms is shown. These forms illustrate a method of organizing facts that should be considered and the kinds of forms needed to work out a farm budget. The facts may be organized and a farm budget made by observing the following procedure:

First, list the products that appear to have possibilities as sources of income, as indicated by the marketable-products column, Table 3.

Next list the different kinds of feed, seed, fertilizer, and other items that are to be used in getting these products, as indicated by the expense-items column below. Next, an examination should be made of the date as to average prices, price trends, and the market outlook for each of these marketable products, and expense items should be examined. When as much time as practicable has been given to the study of the price situation, enter the prices that appear probable for the items that will need to be bought, and for the products to be sold. Entries should be made showing the prices expected during the coming year and the average prices expected for a period of years.

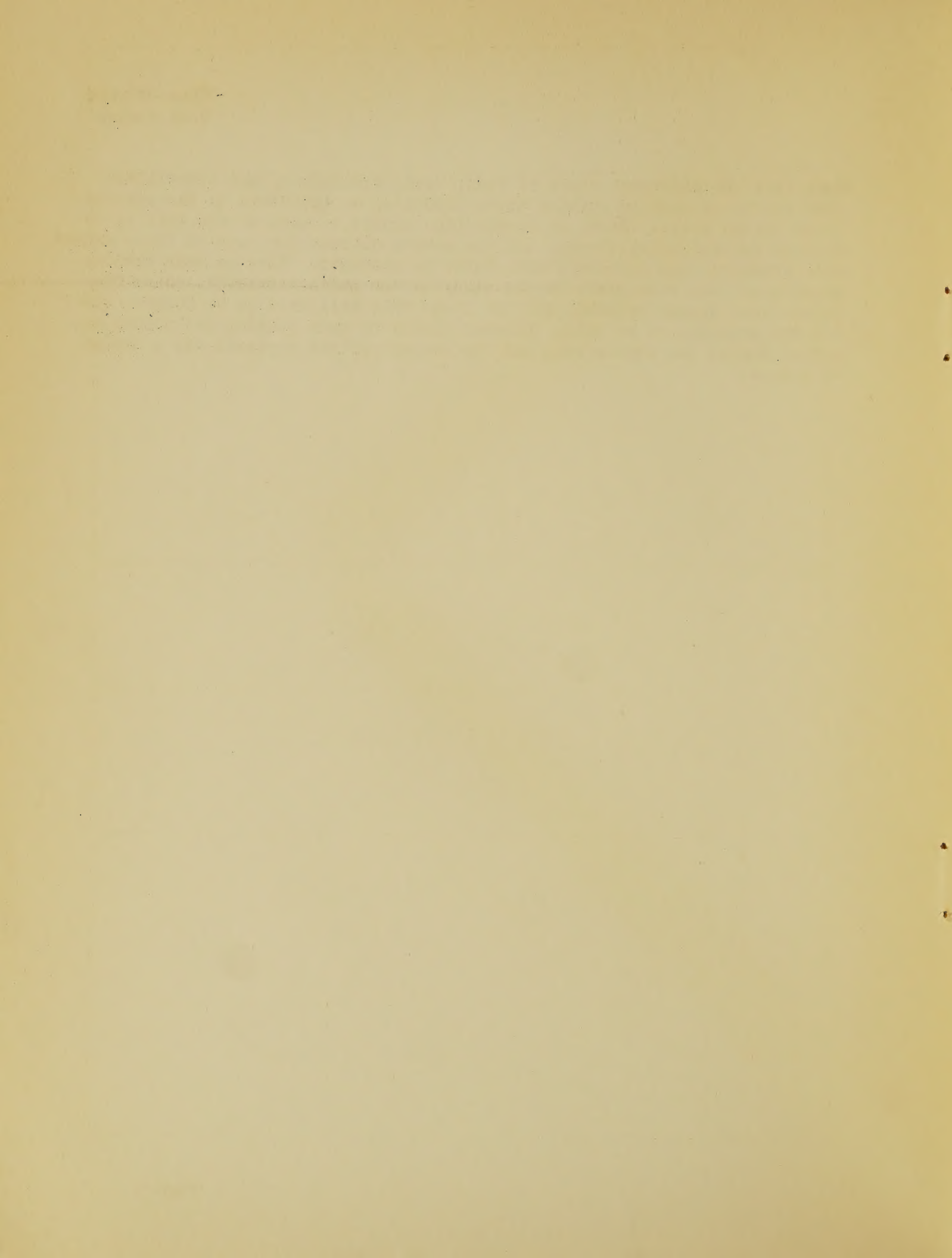


TABLE 3 -- Prices for Products to be Sold and Expense Items

PRODUCTS TO BE SOLD			EXPENSE ITEMS	
ITEM	Expected Avg. Prices Next 5 Years	Expected Prices Coming Yr.	ITEM	Expected Avg. Prices Next 5 Years
	<u>Dollars</u>	<u>Dollars</u>		<u>Dollars</u>
CASH CROPS:				
Wheat Per Bushel	1.25	1.35	FEEDS:	
Tobacco Per Lb.	.11	.09	Bran Per Cwt.	1.75
Soy Beans . . . Per Bushel	2.00	2.00	Cottonseed Meal " "	2.10
Corn " "	.70	.70	Tankage " "	3.50
Mixed Hay . . . Per Ton	16.00	16.00	Meat Scraps . . " "	4.00
			Oyster Shells. " "	1.25
LIVESTOCK:				
Whole Milk . . . Per Cwt.	2.10	2.10	FERTILIZER:	
Veal Per Lb.	.08	.08	Acid Phosphate Per Ton	22.00
Hogs Per Cwt.	8.50	8.50		
Old Hens . . . Per Lb.	.18	.18	SEEDS:	
Young Poultry " "	.22	.22	Red Clover . . . Per Lb.	.27
Eggs Per Doz.	.22	.20	Orchard Grass " "	.14
			Alsiko Clover " "	.22
			Red Top " "	.25
			MISCELLANEOUS:	
			Canvas Per Yd.	.05
			Arsenate of Lead Per Lb.	.25
			Twine Per Lb.	.12
			Threshing Wheat Per Bu.	.12

TABLE 4 - Normal Yields and Production Requirements for Crops - Per Acre Basis

CROPS	SEED	FERTILIZER AND OTHER MATERIALS		YIELD
		Kind	Quantity	
Tobacco .....	.....	Superphosphate	300 Pounds ...)	1000 Pounds
		(Acid Phosphate).....)		
		Arsenate of Lead	5 "	
		Canvas	10 Yards	
Corn	1 1/4 Bushel .....	.....	.....	28 Bushels
Wheat	1-1/4 Bushels	Superphosphate	200 Pounds ...)	14 Bushels
		Twine	2 "	
		Threshing	12 Cents	
		.....	Per Bushel....)	
Soy-Bean Hay	3/4 Bushel .....	.....	.....	1-1/4 Tons
Soy-Bean Seed.....	3/4 " .....	.....	.....	15 Bushels
Mixed Hay	Red Clover, 5 Pounds ...	.....	.....	1 Ton
	Orchard Grass, 5 Pounds			
	Alsike Clover, 3 Pounds			
	Redtop, 2 Pounds			

List the crops that are being considered for the farm as indicated by Table 4. Next enter the yields and the seed, fertilizer, and other material requirements necessary to get these yields. The yields should represent one's best judgment as to normal expectations from the requirements shown and practices contemplated. Often it will be advisable to record 2 or more yields for a particular crop, each representing the production expected from a particular quantity of fertilizer, seed, or practice.

TABLE V - Normal Feeding Requirements and Production for Livestock 1/

LIVESTOCK	HOME-GROWN FEEDS		PURCHASED FEEDS		PRODUCTION	
	Kind	Quantity	Kind	Quantity	Kind	Quantity
Dairy Cows, Per Head	Corn	14 Bushels	Bran	250 Lbs. ...	Whole Milk ..	5,000 Lbs.
	Soy-Bean Hay ..	1 Ton	Cottonseed Meal	250 Lbs. ...	Veal <u>2/</u>	80 Lbs.
Heifers, Per Hd.	Mixed Hay	1 Ton .....	.....	.....	.....	.....
	"	1/2 Ton .....	.....	.....	.....	.....
Veal Calves ...	Whole Milk	500 Lbs. ....	.....	.....	.....	.....
Hogs, 1 Sow, 8 Pigs <u>3/</u>	Corn	128 Bushels	Tankage	500 Lbs. ...	Live Weight..	1,600 Lbs.
Poultry (Per 100 Hens)	Corn	100 Bushels. ...	Oyster Shells	500 Lbs.	Old Hens.....	200 Lbs.
	Skim Milk	1,032 Lbs.	Meat Scraps	500 Lbs.	Young Poultry	150 Lbs.
Work Horses, Per Head	Corn	45 Bushels	.....	.....	Eggs	900 Doz.
	Mixed Hay	2 Tons .....	.....	.....	.....	.....

1/ The feed and other requirements and production shown here were used in working out the budget shown on Pages 2 and 3.

2/ The Veal Production shown is based upon the assumption that 1 veal calf weighing 160 pounds would be sold for each cow every other year.

3/ The requirements shown are based upon 8 bushels of corn and 31 pounds of tankage per 100 pounds of gain.

List the different classes of livestock being considered as shown in Table 5. Next enter the normal yearly feed and other requirements and production for each class of livestock. Often it may be advisable to record varying amounts of feed for a particular class of livestock and the production

that will normally result from such feed, the feed requirements being based upon different rations.

Tables 3, 4, and 5, when carefully filled out, provide basic data to be used in working out budgets for the different systems considered.

FORMS FOR THE FARM BUDGET

Section A: Acreage and cash expenses for crops

Crops	Acreage	Seeds and Plants		Other Expenses		
		Quantity	Cost	Kind	Quantity	Cost
TOTAL						

When a cropping program has been tentatively decided upon, list the kinds of crops and acreage of each as indicated by Section A. Data for the remainder of the form may be obtained by multiplying the figures in the acre column by the production-requirement data recorded in Table 4, and the amounts obtained in this way by the prices shown in Table 3.

In deciding upon a cropping program, the number of acres of each crop that a given crew can handle and the extent to which different crops compete with and supplement and complement each other should be taken into account. (See Budget, pp. 2 and 3.)

SECTION B: Production and disposal of crops

CROPS	Production (Quantity)	Disposal			
		For Feed (Quantity)	For Seed (Quantity)	For Sale	
				Quantity	Value
TOTAL					

List the crops again in the same order as on the preceding form, and enter the expected production as indicated in Section B. The production data may be obtained by multiplying the figures in the acre column of Section A by the crop yields listed in Table 4. The quantity of each crop that would be fed to livestock, used in the home and sold, should be indicated. The value of the quantities to be sold may be obtained by multiplying the quantities shown on this form by the prices shown in Table 3. If systems are to be compared that make available different quantities of products for home use, a value column headed "Used in the home" may be added. (See budget, pp. 2 and 3.)

Section C: Feeds and other expenses for livestock

Livestock	Num- ber	Home-grown Feeds		Purchased Feeds			Other Expenses	
		Kind	Quantity	Kind	Quantity	Cost	Kind	Quantity
TOTAL								

When a livestock program has been tentatively decided upon, list the different classes of livestock and enter the number of each opposite the class, as in Section C. Next calculate the amounts of home-grown and purchased feeds and other expenses. This may be done by taking the data in Table 5 and multiplying them by the numbers of livestock recorded on this form. The quantities of home-grown feed to be used should be compared with the quantities expected to be available for feed, shown on the preceding form. The value of the purchased feeds will be obtained by multiplying the quantities shown on this form by the prices recorded in Table 3. (See budget, pp. 2 and 3.)

It will often be advisable to work out two tables similar to this form, one showing how the feeds on hand at the beginning of the year are to be used and the other showing the feeds to be consumed by the livestock from the harvest season to the end of the year.

Section D: Production and Disposal of Livestock and Livestock Products

Livestock and Products	Production (Quantity)	Disposal			
		Fed to Livestock (Quantity)	Used in Home (Quantity)	Sales	
				Quantity	Value
TOTAL					

List the livestock and livestock products in the same order that they are entered on the preceding form, as indicated by Section D. Data for the production column may be obtained by multiplying the figures in the "number" column, Section C, by the production data recorded in the last column of Table 5. The quantity to be fed, used in the home, and sold should be entered. The quantities to be sold, multiplied by the prices shown in Table 3, will give the data for the "value" column. (See budget, pp. 2 and 3.)

Section E: Summary of Receipts and Expenses

Receipts	Total Value	Expenses	Total Value
TOTAL		TOTAL	
Net Returns			

Bring forward the "value" and "cost" totals on the four preceding forms and enter "value totals" under receipts, and the "cost totals" under expenses. In addition to the direct costs for crops and livestock brought forward, include on the expense side the estimates for labor to be hired, new machinery and repair, new fences and fence repair, building repair, taxes, farm insurance, and other overhead items. In some cases it may be advisable to include an estimate of sales from miscellaneous sources on the receipts side. The total expenses subtracted from the total receipts give the net returns. (See budget, pp. 2 and 3.)

Acres of crops, numbers of livestock provided in the plan for the coming year and in the long-time plan, expected receipts and expenses, and those actually obtained on your farm.

ITEM	Last Year	Long-time Plan	Plan for Coming Year	Actual Results End of Year
Crop:	Acres	Acres	Acres	Acres
Livestock:	Numbers	Numbers	Numbers	Numbers
Results:	Dollars	Dollars	Dollars	Dollars
Farm Receipts				
Farm Expenses				
Net Returns				

At the beginning of the year, enter the acres of the different crops grown, the numbers of livestock kept, and the cash receipts and expenses for your farm for last year in one column as indicated above. Record the acres of crops and the numbers of livestock provided in the long-time plan for your farm, and enter the average receipts and expenses expected in the next column. In the third column, enter the acres of crops, the proposed numbers of livestock, and the receipts and expenses expected for the coming year. At the end of the year, enter in the last column the acres of crops actually grown, the numbers of livestock kept, and the receipts and expenses that actually resulted.

Forms to be used in making a farm budget as described in this bulletin may be obtained by writing the United States Department of Agriculture.

By following some of the suggestions afforded in the above material, the teacher may be of service in helping the farmers to reorganize the in-

dividual farm business for the year 1935, and to help in planning for the expected conditions that may follow the year 1935.

Apply the details of the 1935 wheat program in making the farm budgets.

III. Two problems are of particular significance if farmers participate in the wheat program.

1. What should be done with the acres shifted from wheat production? This problem needs to be handled, of course, in connection with the planning of farm budgets. Watch for publications relative to this problem.

It seems advisable to suggest to farmers the feasibility of putting land shifted from wheat production into pasture, legumes, or soil improving crops. Indications are that the trend should be toward rather permanent shifts of such acres to the above suggested uses and purpose rather than to make temporary shifts from one cultivated crop to another.

2. Use of labor released as a result of participating in the wheat adjustment program.

Farmers may well devote some time to discussing what may be done in using "released labor" for purposes of improving the farming program.

IV. Farm accounts in relation to operating a farm business and in planning for the reorganization of the individual farm business.

It may be assumed that when a teacher attempts to guide a group of farmers in making farm budgets and in giving intelligent consideration to such a problem as participating in the wheat program, the great importance or value of farm accounts will be recognized by the members of the group.

The teacher should plan to aid the group in learning how to keep farm accounts. The keeping of farm accounts can be recommended as one of the finest types of supervised practice that could possibly be the outgrowth of such a series of meetings as the use of this material provides for.

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